THE UNIVERSITY OF CHICAGO

ROUND TABLE

WHAT ABOUT THE TRADE AGREEMENTS?

A Radio Discussion by RALPH E. FLANDERS
T. W. SCHULTZ *and* JACOB VINER

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Around the Round Table . . . .

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T. W. SCHULTZ, professor and head of the department economics at Iowa State College, received his B.S. degr from South Dakota State College and did his graduate wor at the University of Wisconsin, where he received his M.S. and Ph.D degrees. Professor Schultz has also taught at the University of Chicag and headed the Rural Social Science Section of the Iowa Agricultural E perimental Station. He is the chairman of the Committee on Agricultu of the Social Science Research Council and director of the study of pe sonnel in rural social science of the American Council on Education. H is the author of numerous articles on economics, the editor of the *Journ of Farm Economics*, and the author of *The Tariffs on Barley, Oats and Co* (1933); *Vanishing Farm Markets and Our World Trade* (1935); *Traini and Recruiting of Personnel in the Rural Social Studies* (1941); and *R directing Farm Policy* (1943).

JACOB VINER, Morton Hull Distinguished Service Profess of Economics at the University of Chicago, is at the prese time visiting professor at Yale University and since 1936 h been a consulting expert to the United States Treasury. Professor Vin received his B.A. degree from McGill University and his M.A. and Ph.D degrees from Harvard University. From 1916 to 1918 he was speci expert to the United States Tariff Commission and to the United Stat Shipping Board. With the exception of two years as visiting professor the Institute Universitaire des Hautes Etudes Internationales, Genev Switzerland, Professor Viner has been associated with the University Chicago since 1919. He is the author of *Dumping: A Problem in Inte national Trade* (1923); *Canada's Balance of International Indebtedne* (1924); and *Studies in the Theory of International Trade* (1937) and is t editor of the *Journal of Political Economy*.

WHAT ABOUT THE TRADE AGREEMENTS?

MR. SCHULTZ: A question facing the American people right now is whether or not the Trade Agreements Act should be renewed. Tariffs are deeply imbedded in our tradition. As a matter of fact, the first law passed by the very first Congress was a tariff law.

MR. FLANDERS: I come from Vermont, and I am a Vermont businessman. That means that I come from a region where the tariff has, for decades past, been considered the number-one political problem of the country. Viner, do you think it's an important problem?

MR. VINER: It is an important problem. The issue before Congress this year is whether or not they shall renew the authority which the President now has to negotiate tariff agreements with other countries—making reductions in the American tariff items up to 50 per cent of the tariff-act rates, in return, of course, for equivalent concessions from these other countries. The major issue is whether this program is to be renewed without any restrictions on the authority of the executive to negotiate these agreements and to which he is not already subject under the existing Act.[1]

MR. SCHULTZ: Before we really get started here, what are the trade agreements?

[1] The reciprocal trade agreements program is based upon the Trade Agreements Act of June 12, 1934, which has twice been extended by Congress for additional three-year periods—from June 12, 1937, to June 12, 1940, and again from June 12, 1940, to June 12, 1943. Further extension of this program will be considered by the Seventy-eighth Congress.

MR. VINER: The trade agreements are arrangements between the United States and some twenty-eight other countries under which they give us concessions in the form either of reductions of duty or of agreements not to raise existing duties, and we, in return, give them concessions of the same sort.[2]

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[2] "The act empowers the President, in order to obtain from other countries concessions on American exports, to modify excessive United States tariff rates, to bind existing tariff rates against increase, and to guarantee continued duty-free entry of products now on the free list.

"The act does *not* empower the President to modify tariff rates except under a trade agreement; it does not empower him to reduce the duty on any foreign product under a trade agreement by more than 50 per cent or to transfer any item from the dutiable list to the free list.

"It *does* require that trade agreements be concluded only after the President has sought the advice of the Departments of State, Agriculture, and Commerce, the Tariff Commission, and other appropriate agencies of the Government, and only after public notice and full opportunity for presentation of information and views by any interested person.

"All Government agencies concerned with foreign commerce cooperate, through interdepartmental committees, in studying all pertinent facts and views. Before any trade agreement is concluded, public notice is given of all products on which concessions by the United States will be considered and public hearings are held by representatives of the Government agencies concerned. Resulting recommendations in regard to trade agreements are submitted to the President through the Secretary of State.

"The United States, in negotiating a trade agreement, asks a foreign country to lower its excessive tariff rates on our exports, or to liberalize quota or exchange restrictions on them. . . . . Under trade agreements the United States has agreed to tariff reductions or to the continuance of existing tariffs or free entry in the case of imported products needed or desired by American producers and consumers. Concessions are granted on imported products more or less similar to those produced in the United States when they are in the national interest and when reciprocal concessions are obtained in return . . . ." ("The Reciprocal-Trade-Agreements Program in War and Peace," *Department of State Bulletin*, February 20, 1943).

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MR. SCHULTZ: Is that enough to give us a notion of what we are talking about in the trade agreements as such?

MR. FLANDERS: It gives me a clear idea of what they are. I suppose that we have the question of what they have accomplished and how good they are to discuss.

MR. SCHULTZ: Yes. I have a feeling that perhaps we ought to take this topic and treat it by considering some basic questions. You have really suggested the main one, Flanders: What have the trade agreements accomplished?

MR. FLANDERS: It seems to me that they have done very much toward international good will but that it is difficult to trace to them any great economic gain.

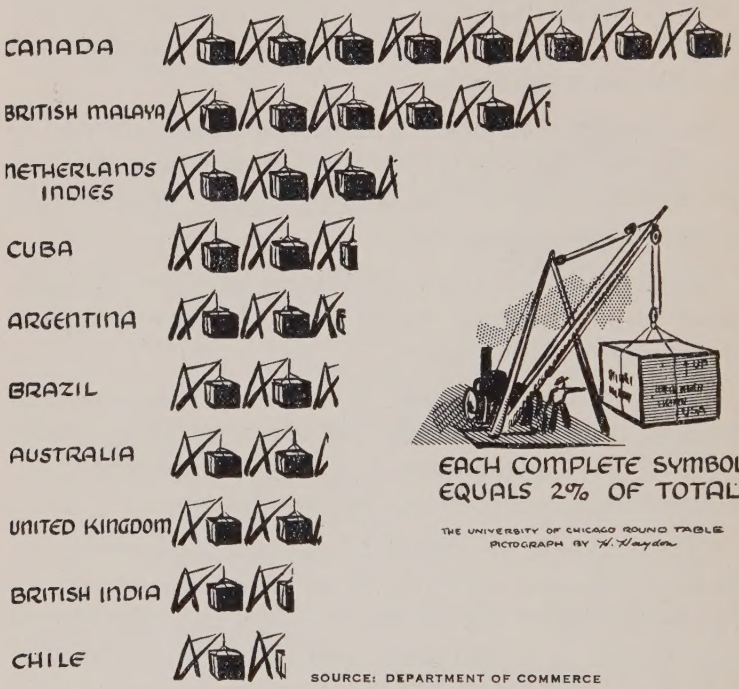
MR. VINER: I would say that there is one very important economic gain that has already been achieved by the trade agreements program of this Administration. It has stopped a historical American trend toward ever and ever rising tariff barriers.

MR. SCHULTZ: Really, then, it is more than just good will. As Viner says, it has had economic gain, and I wonder if we ought not to go further than to stop by simply saying it has just halted the trend. It seems to me that it has made a substantial contribution further than just stopping. I'd like to press you on what you mean that it has stopped a trend toward higher tariffs.

MR. VINER: It has done that as far as the United States is concerned, and it has done it on a wider scale. Congress has introduced several measures which have carried barriers further in some directions, but undoubtedly the trade agreements have reduced the tariff more than Congress has raised it in the period since 1934.

But, when I put the stress on stopping the trend toward high tariffs rather than on the marked reversal of the trend, it is because, while I think there has been a mild or moderate reversal, actually we have a very high tariff with thousands and thousands of very high tariff items in it. In the eight years of trade agreements negoti-

TEN CHIEF SOURCES OF IMPORTS OF THE UNITED STATES, 1941



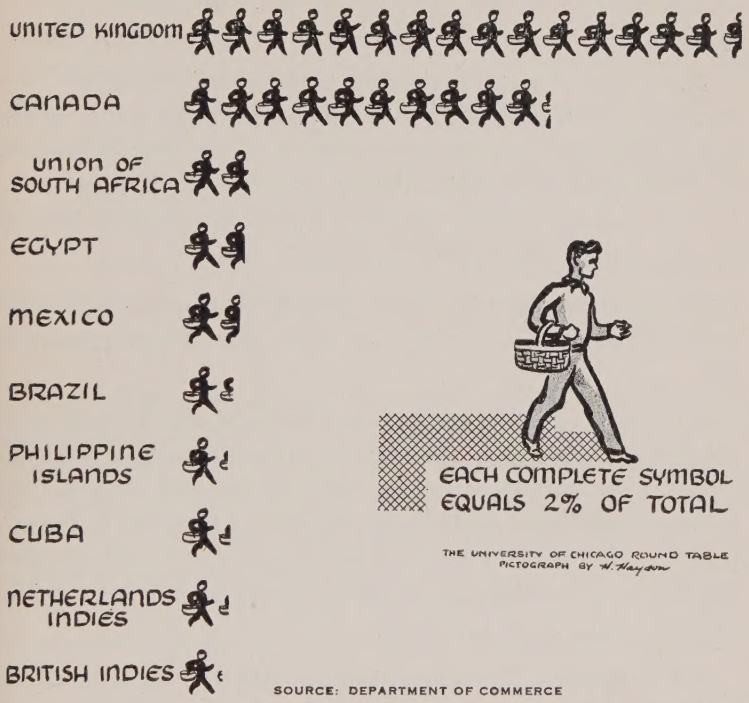
ations I am sure that we have done very much more than remove a few strands of the barbed wire on the top of a very high tariff wall.

MR. FLANDERS: I don't think either of you gentlemen has yet talked about the economic benefits derived. You have simply said that tariffs have been lowered. Economic benefits would be the increase of profitable imports and exports. That's the question I should raise: Have the Hull agreements increased profitable imports and exports?

MR. SCHULTZ: Flanders, your contention is that it has not, and with that I would disagree.

MR. FLANDERS: I raise the question.

TEN BEST CUSTOMERS OF THE UNITED STATES, 1941



MR. SCHULTZ: You raise the question. Let me try to take the answer, then, and say that we have made, in many important commodities, very substantial improvements in bringing the cost structures of other countries together with our own.

Take the whole South American area. We have essentially approximated a freer trade, or a free-trade situation, with the exception of Argentina. I could document, and I could take specific commodities for evidence here, although we don't want to go into that detail.[3]

[3] Fifteen of the twenty other American republics have signed trade agreements with the United States. According to Department of Commerce figures,

I'm a little worried or concerned here by your statement, Flanders, and implied in part by Viner's, that there has been very little accomplished on the economic side by the trade agreements now in effect.

MR. VINER: I would say that it is important not to have any illusions as to what has to be accomplished, because that might lead us to be too complacent about what is still to be accomplished. I repeat that the tariff has thousands of items of very high rates in it and that we have reduced mildly a substantial number of these but that we still remain with a very high tariff.

MR. SCHULTZ: We still have a very long way to go to get our high tariff wall down to something reasonable. I'd certainly agree with that.

MR. VINER: I would make it clear, however, that I am not saying this as a criticism of the State Department, because I am not sure that the State Department could have moved any faster than it did and still have retained the approval of Congress or the approval of the public. As far as I am concerned, I would not have wanted it to go any faster, even in the right direction, than Congress and the public would have it go.

MR. FLANDERS: If you gentlemen are still pointing to the beneficial results as being those of lowering tariffs, then I would want to make the suggestion that its effect on profitable imports and exports is the question. I also want to raise the question as to whether this hasn't occurred at a time when depression conditions in the early

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issued March 17, 1943, 19 per cent of the total United States foreign trade in 1939 was with the other American republics, and 90 per cent of our trade with the Latin-American countries was with trade agreement countries. The value of this trade (in millions of dollars) follows:

Year	U.S. Exports	U.S. Imports
1929	$793	$897
1932	168	304
1939	497	464

part and war conditions in the latter part of the program have made it quite difficult to determine whether there have been any really profitable results economically.[4]

MR. SCHULTZ: Yes.

I want to shift from the economic side and leave that an open question for the moment. Viner indicated in the matter of procedure the speed with which these things can be done. I should like to contend that there is an example here of very excellent public administration. How do you feel on that point, Flanders?

MR. FLANDERS: I agree with that. It is a type of public administration which we have to follow and to refine in the post-war handling of our public affairs.

MR. VINER: I would agree, also, that it's been an excellent, in fact, somewhat too excellent—superexcellent—illustration of public administration in a democracy. There has been great care in consulting the public at every step. There has been great care in holding full public hearings. There has been full collaboration and cooperation among the expert staffs of all the various departments in Washington. That's all to the good, but we need to move faster than we have moved, and this procedure was somewhat too elaborate.

MR. SCHULTZ: I certainly would concur. I'd like to question you

[4] The record on our trade with agreement and nonagreement countries follows (William Diebold, *New Directions in Our Trade Policy* [New York: Council on Foreign Relations, 1941]):

PERCENTAGE INCREASE OVER 1934 EXPORTS

	1937	1938	1939
Agreement countries*.....	72.7	61.2	63.3
Nonagreement countries...	48.9	36.6	31.8
All countries.....	57.0	45.1	48.9

*The agreement countries include, for 1937, fourteen nations; for 1938, sixteen; for 1939, seventeen.

again, Flanders. We have had very sharp criticism of late days; how valid is the criticism and charge of Congressman Gearhart?[5]

MR. FLANDERS: His charge was that the Hull agreements brought Germany and Italy into the war. Perhaps that's putting it baldly; certainly, putting it that way is just plain poppycock.

MR. VINER: I would agree with you that it was poppycock, but there are poppycocks and poppycocks; and this is a special variety of it. I think that it's a complete misreading of history. A number of countries did try to appease Germany economically and with only one result. They were conquered more quickly than others who did not appease. We, in fact, were not sufficiently aggressive, I believe, in dealing with the German methods. In the economic field Germany was the aggressor, not we. We did nothing to Germany that wasn't fully justified by the things that Germany was doing to us and to our trade.

MR. SCHULTZ: I think that contention stands and must hold in terms of this particular issue. It seems to me that in our discussion of what the trade agreements have accomplished we have essentially focused upon the economic accomplishments, with Flanders' pro-

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[5] Representative Gearhart (California Republican) on April 12, before the House Ways and Means Committee, accused Secretary Hull of using the trade agreements program to destroy the farmer. On April 13 he charged that "use of the trade agreement power by the executive department had helped bring on the present war because Germany had been economically 'encircled' by a series of United States trade agreements which gave her neighbors preferences which we denied to the home of Nazism.

" 'I should never have placed the administration of this law in the hands of diplomats and politicians,' Mr. Gearhart declared. 'It should be administered by the Tariff Commission which is interested only in improving our foreign trade.'

"The Californian started his accusation by recalling . . . . the President's Chicago speech on 'quarantining' aggressor nations and went on to say that under the trade act the State Department had made agreements with Belgium, Sweden, the Netherlands, Switzerland, France, Finland, Czechoslovakia, the United Kingdom, Turkey, and Russia, giving all of them 'advantages and privileges which were denied to Germany' " (*New York Times*, April 14, 1943).

viso on the public administration. We have also commented upon and held invalid the statement that the program has brought us into war.

MR. VINER: What do you think, Schultz, is the place the trade agreements have in planning for a peaceful world?

MR. SCHULTZ: I should say that the small nations will be badly frustrated again unless we trade more.

MR. FLANDERS: I'd rather question whether the view that an approach to free trade automatically promotes peace. I would raise the question as to whether that is valid. It seems to me that if we go too far in that direction, we promote a colonial dependent status in small nations. This leads to great and justifiable dissatisfaction on their part.

MR. VINER: I would argue that the economic tensions that result from economic strain breed war in large countries as well as in small countries, and I believe that these economic internal strains come largely from the setup of trade barriers throughout the world.

Nobody is going to argue that trade barriers are the sole cause of war. Nobody is going to argue that the removal of trade barriers will solve all the problems of war. But it seems to me quite clear that the trouble that trade barriers of countries cause to other countries is one of the major sources of the sort of setting out of which war arises.

Mr. Schultz: Flanders, you're really taking a very different view than Viner is taking or that we would take generally, I think, in economic thinking. Are you really saying that if we took away the trade obstacles in the world, that that would tend to bring war?

Mr. Flanders: No. I'm saying that it would not make as great a contribution for peace as most people who couple those two ideas of large world trade and peace think. There's nothing automatic about it. As a matter of fact, I think that I can say that it is a fact that the world, previous to the first World War, was more nearly a free-trade world than we've ever had since. Nevertheless, the worst war in history to date broke out under those conditions.

Mr. Schultz: There are some very important issues. When you say that it doesn't suffice to get rid of war merely by focusing on trade, we would agree. The underlying issues that you've raised might well be a topic for another University of Chicago Round Table discussion, since we probably can't explore them as fully as it deserves today.

The main point here, as I see it, is that other countries have hopes that Secretary Hull's program toward the lowering of trade barriers and toward permitting countries to trade more fully in the world will be continued, but they have no assurance.

Mr. Viner: I think that that's perfectly right. I would also add to that that the particular trade barriers that the United States has contributed to the world have been a very special factor in creating aggressive attitudes among other countries. Other countries haven't necessarily, as a result, wanted to go to war with us, but they have sought means of escape from the tensions created by our trade barriers—or at least so they thought—and they have found them in directions where there were countries weak enough to be invaded and conquered or colonies that could be captured. We won't bring peace to the world merely by lowering trade barriers, but we will make an important contribution, and it's one in which we have an especially large contribution to make.

MR. SCHULTZ: So much, then, for that second question of the place that trade agreements have in planning for a peaceful world. I'd now like to raise what to me is a very important and basic question. What are the alternatives to Secretary Hull's program?

MR. VINER: One alternative is to reject the trade agreements program and to return to strict economic nationalism and, I should add, to begin preparation for a bigger and better war in which war we may not have any allies.

MR. FLANDERS: Mr. Viner, I am not and never have been an isolationist. Yet, I feel, as I've indicated before, that too much has been expected from Secretary Hull's program. For those things which it cannot produce and the results that it cannot bring to our internal economy, I offer the alternative of full employment at home.

MR. SCHULTZ: You two gentlemen are focusing on the economic front. Viner says nationalism breeds war. You say full employment is a better attack. Before we leave this question of alternatives, we also have to face procedure and the administrative side—whether or not Congress can make economic treaties. But let me probe here on this economic side with you particularly, Mr. Flanders. How do you argue the thesis that full employment at home is a substitute for economic collaboration?

MR. FLANDERS: It is not a substitute for economic collaboration, but it sets limits to it and determines its kind. It does so in ways which promote peace. An internal economy in this country which makes full use of our resources in an economical way—and the same type of economy in the other nations of the world—will lead to very many less frictions than simply the determination to increase world commerce or to reduce tariff barriers.

MR. VINER: I agree with you, but I think that I agree with what you say but not with what you think.

MR. FLANDERS: Tell me what I think.

MR. VINER: I agree that if we were to allocate our resources, all

THE UNITED STATES TRADE AGREEMENTS PROGRAM

Countries with Which Agreements Have Been Made

of them, to full employment in directions in which they could be economically employed, we would have the optimum kind of international economic collaboration. But I am very much of the mind that what you mean by full employment of our resources means full employment of the resources at whatever happens to come to the mind of the governmental official who is constructing the tariff. You'd put them to work, if there locally were rocks, breaking rocks, even though you can import very fine rocks from somewhere else.

Mr. Flanders: No. Let me give a specific example. Take the case of the Argentine, for instance. They produce a large amount of wool, a large amount of leather, and some cotton. It would seem to be highly desirable for that country to develop its textiles, its clothing industry, and its shoe industry instead of sending those materials to industrial countries and importing them as processed goods. But, in doing that, they would decrease world commerce.

Mr. Viner: It also, I should say, would probably decrease the standard of living and the national income of the Argentine, unless you assume that they can make equally good shoes and that they can work up their raw materials equally well; but for some reason or other they have been prevented from doing it by their own legislation.

Mr. Schultz: Just take the other side, also in the Argentine, which I happen to know, having been in that country. You apparently, Flanders, might argue that they are doing wisely in trying to produce their own shoes and trying to produce a number of commodities which are very disadvantageous in their economy.

Mr. Flanders: No. I also would disagree with the suggestion which Viner makes that there is something about the particular industries I suggested which requires a high degree of protection. It would require only a moderate degree, perhaps no degree of protection, but the development of techniques.

Mr. Schultz: Flanders, what really bothers me—and it's a point of view that's being expressed a great deal in business circles these

days and also among farmers—is the idea that somehow all we need to do now is to launch upon a program of full employment in the United States. We can essentially forget about foreign trade, for everything will be rosy. Actually, I would contend that the job will be made much easier—that is, getting full employment—if we recognize the contribution that this economic collaboration with other nations can contribute to that process.

MR. FLANDERS: Full employment at home means a very large amount of foreign trade indeed.

MR. VINER: But, Flanders, nobody is arguing against full employment.

MR. FLANDERS: All I'm arguing against is the continuous assumption which underlies much of the support of Secretary Hull's program that low tariffs, large, world-wide trade, and peace are synonymous. That's the point I want to drive home. I don't think that they are synonymous.

MR. SCHULTZ: We agree with you.

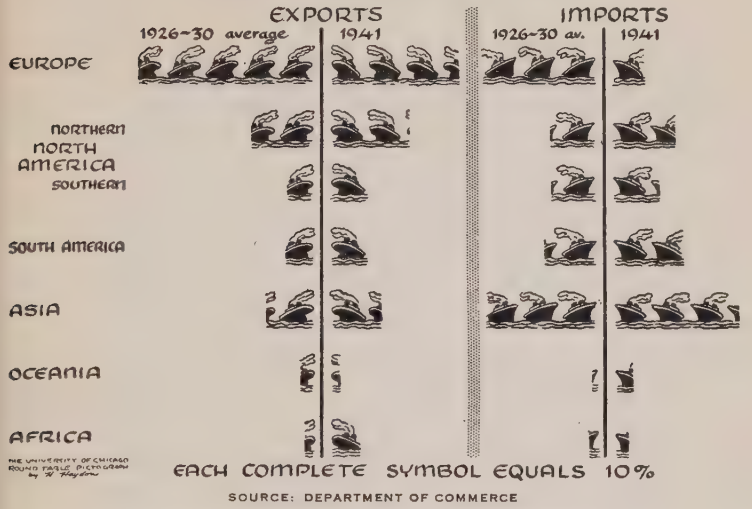
MR. VINER: It's too bad they are not. It's too bad that peace is a harder thing than that to get.

Let me point out, also, that if you are suggesting there has been overemphasis of the trade agreements program, I myself believe that we ought to go further than the trade agreements program contemplates in the field of international economic collaboration, and I think that we ought to consider seriously whether, in order to get the speed that is essential, we ought not to try the method of multilateral agreements.[6]

MR. SCHULTZ: Actually Viner is saying that trade agreements are just a half a loaf in terms of giving us the advantages from foreign commerce that we might get. We ought to get the full loaf,

[6] Multilateral agreements are those in which more than two countries agree to participate.

PERCENTAGE DISTRIBUTION OF UNITED STATES TRADE*



SOURCE: DEPARTMENT OF COMMERCE

* Figures for 1941 are based on total for the first nine months.

and we ought to go much further and faster than the trade agreements have gone.

I'd like to turn to the political administration front. I know that you have some pretty strong views on that, Flanders. What do you think of the making of economic treaties in Congress—having businessmen go down to seek the kind of tariffs that they want, and so on?

MR. FLANDERS: This seems to me to be a very good example of what the Hull treaties do and of the kind of administrative procedure or mechanism that we will have to set up in our post-war world. I cannot quite follow Viner when he suggests that there is too much consultation and too much of the democratic process. I think that we have to find the way of introducing the democratic process more speedily into these new administrative measures which we have to develop.

Mr. Schultz: You'd concur in that, Viner, wouldn't you?

Mr. Viner: I'm certainly not going to ask for less democracy. I want more speed. I want more speed!

Mr. Flanders: There is another question that I'd like to raise. Do the trade agreements, in lowering trade barriers, lead us toward or away from an authoritarian economy? What do you think of that, Viner?

Mr. Viner: I think that they clearly lead us away from an authoritarian economy in several ways. In the first place, high trade barriers breed monopoly. Monopoly breeds internal rigidities which require government intervention to cure, if it can cure them.

In the second place, Secretary Hull has definitely directed his program toward the elimination of exchange controls and of state trading monopolies. When the state intervenes directly in foreign trade, it is likely to go on and intervene also in internal trade. So that, in fighting exchange controls, Secretary Hull has been fighting for free-enterprise economy.

Mr. Schultz: I can only concur, Viner, because you have said very well the very basic fact—that trade barriers do breed and nurse monopoly and that we thus find them the mothers of government control. That is basically bad in creating the kind of social, political, and economic climate in which we'd like to do our business and run our economic activities.

Mr. Flanders: The point that trade agreements in lowering trade barriers leads us away from an authoritarian economy I am inclined to agree with. In fact, I do agree with it, but that is more of a danger of the future than of the past. I'd like to call attention to the fact that there is another evil which high tariffs have brought, with which we have had a very unsatisfactory experience. Highly protected industries bring an even greater peril than that of authoritarian economy because they bring it certainly. These highly protected industries depend on legislation for their very existence,

and they, therefore, bring business into politics in a most destructive way. That has gone on for generations. We've had experience with it, and we don't want any more of it.

Mr. Schultz: That's dead right, and Viner has focused, and I concurred, on the point of the economic losses, and you have focused on the moral and business losses that come from getting advantages through this "log-rolling" process that has been so much associated with tariff-making.

I wonder, in light of our comments on these four basic questions, where the opposition to the renewal of the Trade Agreements Act comes from.

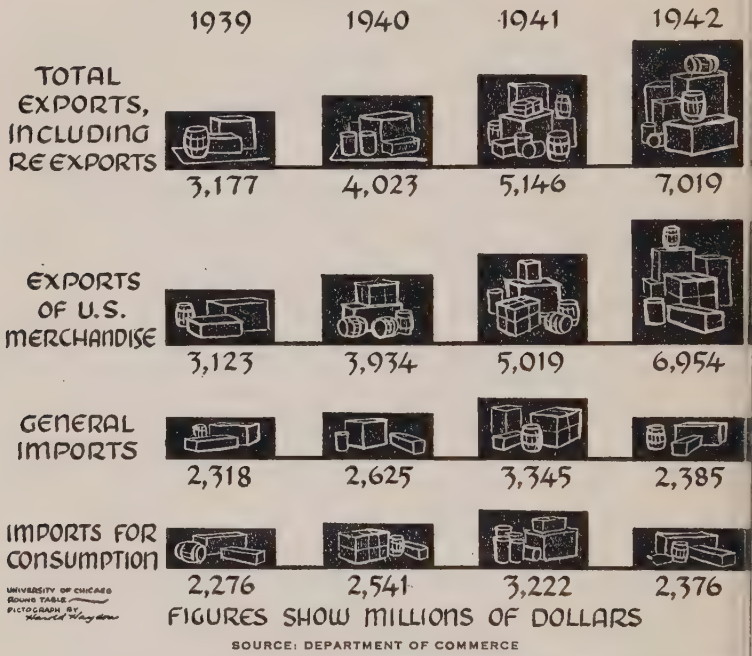
Mr. Viner: I wondered about that. Businessmen seem to be increasingly in favor of the program. The President seems to be in favor. The business associations seem to be coming out with resolutions in favor. I do seem to see signs that organized agriculture is against it. But if there is opposition elsewhere, I don't know where it is, unless it's on the part of politicians who don't like anything that Roosevelt is trying to do.

Mr. Flanders: I think that it's especially significant that both the United States Chamber of Commerce and the National Association of Manufacturers are backing the renewal of the Hull treaties.

Mr. Schultz: Both of you, however, make the mistake of pooling large segments of the population. I would say to you, Viner, that the farmers have been changing their position and that actually the great bulk of the farmers, represented by the South and the Middle West, are very friendly to the Hull program. One can go to the periphery, or special-commodity groups, like the cattle people and some of the dairy group, and find commodity exceptions, but not for the larger bulk.

Flanders, business, it seems to me (and also agriculture), is in this sense tied up with the traditional position of America for high tariffs. In many of our small towns, among many small businessmen

DOLLAR VALUE OF UNITED STATES FOREIGN TRADE*



SOURCE: DEPARTMENT OF COMMERCE

* The Lend-Lease program has accounted for $7.5 billions of our exports from its beginnings through November, 1942. During our first year of war it included $6.5 billions. During October, 1942, 70 per cent of our exports were Lend-Lease products and were sent as follows:

	Per Cent
United Kingdom	40
Soviet Union	21
All others	39

there is still a belief that high tariffs somehow might give us a full dinner pail and a high standard of living.

MR. FLANDERS: That feeling again leads me to return to my suggestion of the importance of full employment at home. If we can have full employment at home, we can very much more easily

reduce excessively high tariff barriers than we can if we suffer prolonged depression. That is the time in which tariff barriers control.

MR. SCHULTZ: You would concur with that point, wouldn't you, Viner?

MR. VINER: I would concur with it in principle. Unfortunately, I don't think history supports it very strongly. Actually, there is no very close connection between prosperity and depression and the changes in our tariffs in American history. It has been the shift of political parties and their victories and defeats which have explained the rises and the falls in the American tariff.

But, nevertheless, obviously it is easier to adjust an economy to change tariffs and to adjust tariff to a change in views under conditions of prosperity and full employment than it is under conditions of depression and unemployment.

MR. SCHULTZ: There's no doubt about it at all. I take the present attitude toward Canadian imports as an example of this very thing. The Canadians have a good deal of raw material, particularly farm products, and we're quite willing to take them in an economy that is really very full and very definitely employed now, as you said, Mr. Flanders.

MR. FLANDERS: The question of farm products as between the United States and Canada represents one of the most serious problems in international commerce that we have to face, and we have to face it just because both countries are raising an excess of agricultural staples.

MR. SCHULTZ: Let me pull this together now.

We have had nine years of trade agreements. They have lowered trade barriers only moderately, but this was accomplished in spite of a world-wide drift toward economic nationalism. Secretary Hull not only swam out against that tide but definitely made some headway bucking it. These agreements won for us new friends abroad.

The trade agreements have a real place in our planning for a

peaceful world. Again America must decide which path it will tak —economic isolation or economic collaboration. Clearly and un mistakably, Secretary Hull's program spells collaboration, althoug Mr. Viner and I feel that it doesn't go far enough or quickly enough

Further, the trade agreements create a political and social cl mate that favors less, rather than more, controls in economic a fairs. Old tariff procedures put business into government in th worst possible way.

The opposition to the renewal of the Trade Agreements Act is le than it has been. Many farmers favor Hull's program. What opp sition there is comes chiefly from particular commodity pressu groups who want special protection.

This contribution to winning the peace in the removal of irr tional barriers to more world trade must not be lost. Americ must decide.

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GLOSSARY OF SELECTED TERMS USED FREQUENTLY IN DISCUSSIONS OF INTERNATIONAL TRADE*

Ad Valorem Duties. Taxes on imports computed as percentages of the declared values of goods imported. The declared values are based on foreign wholesale prices.

Balance of International Payments. An itemized account of the transaction of a nation and its inhabitants involving receipts from residents of foreign countries, on the one hand, and payments to them, on the other. The balance-of-payments schedules show the sources of the supply of foreign currencies or of foreign exchange arising out of claims against residents of foreign countries and the nature of the demand for foreign currencies from persons with payments to make abroad. The principal transactions involved are the purchase and sale of commodities, services, bullion, and capital investments and the receipt or payment of interest and dividends.

Balance of Trade. The difference between the value of exports and imports of merchandise. "Favorable balance" is often used to describe an excess of exports; "unfavorable balance," an excess of imports.

Capital Inflow. The amount by which foreign purchases of a nation's assets exceed its purchases of foreign assets. The reverse is *Capital Outflow.*

Exchange Control. Government regulation which imposes restriction on, or supervision of, the purchase, sale, and price of gold and of foreign bills of exchange.

"Most Favored Nation" Agreement. A trade arrangement between two countries by which they agree to extend to each other the benefit of any concessions made to any other country. If future concessions are to be freely and automatically given, the arrangement is termed "unconditional." A "conditional" agreement provides that a country may receive any new concessions if it is willing to grant terms similar to those given by the country receiving the new concessions.

Official Exchange Rate. Rate at which the central bank of a country will buy and sell the domestic currency in exchange for foreign currency.

Quota (Trade). Limitation on the quantity of imports of a given commodity which may enter a country within a given period. When total quota is determined, it is divided among exporting countries in a manner justified by economic and political considerations.

Reciprocal Tariff. An agreement between two countries setting the duties which will be imposed on imports of each other's goods.

Re-exports. Commodities of foreign origin which are stored in bonded customs warehouses and exported in the same condition as when imported.

Specific Duties. Taxes on imports, fixed by law at specified sums per physical unit.

Tariffs. Schedules of customs duties imposed on imports of foreign goods. Duties may be either ad valorem or specific.

* Source: *Economic Almanac for 1942–43* (New York: National Industrial Conference Board, 1942).

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More on This Topic

BIDWELL, PERCY W., "Controlling Trade after the War," *Foreign Affairs*, January, 1943. *Proposes that an International Trade Authority be established as an administrative agency with power to deal with the obstacles to increased trade.*

BUNN, CHARLES, "Commercial Policy: The Trade Agreements Program," *Vital Speeches*, March 15, 1943. *A discussion of the relation between the American trade agreements program and the economic hopes and principles of the United Nations.*

COHN, DAVID L., "Tariff or No Tariff," *Atlantic Monthly*, February, 1943. *Argues that the American people will revert to high tariffs and economic isolationism after the war rather than follow the road of international economic cooperation.*

Colonies, Trade and Prosperity. "Public Affairs Pamphlets," No. 13 (revised). New York: Public Affairs Committee, 1938.

DIEBOLD, WILLIAM, *New Directions in Our Trade Policy.* New York: Council on Foreign Relations, 1941.

DIETRICH, ETHEL B., *World Trade.* New York: Henry Holt & Co., 1939.

NOYES, CHARLES, "Economic Freedom in Foreign Relations," *Free World*, March, 1943. *Says that the American tariff has worked to the disadvantage of American farmers and the consuming public and that a change for the better will only come when the American people understand the necessity for a free flow of goods in world trade.*

WELLES, SUMNER, "Trade Agreements in a New World," *Atlantic Monthly*, March, 1943. *Says that the action of Congress in regard to extension of the trade agreements authority will furnish a real rest of American intentions toward the future.*

WHIDDEN, HOWARD P., *Reciprocal Trade Program and Post-war Reconstruction.* "Foreign Policy Reports." New York: Foreign Policy Association, Inc., April 1, 1943. *A review and analysis of America's present world-trade policy.*

What Do *You* Think?

1. What is the reciprocal trade agreements policy? How much ha the trade agreements policy accomplished in the last nine years Do you agree that the policy has stopped a historical America trend toward ever and ever rising tariff barriers? Have the Hu treaties increased profitable imports and exports?

2. What is the place that the trade agreements policy should hav in planning for a peaceful world? In your opinion what is th relation between prosperous world trade and world peace? Wha part did trade barriers play in causing the present war?

3. Do you think that free trade would automatically promot peace? Or does a free-trade program result in a colonial depenc ent status for small nations with resultant dissatisfaction? Ho has the reciprocal trade agreements program affected Unite States relations with Latin America?

4. Are there any other more effective alternative methods of achiev ing international economic collaboration than through the re ciprocal trade agreements policy? How have the operations c the Lend-Lease program affected the problem of American inte national economic collaboration?

5. Does the lowering of tariff barriers lead America toward or awa from an authoritarian economy? What is the relation between growing world trade and full employment in the United States

6. Do you think that importing goods—providing internationa cartels are made inoperative—offers the quickest and surest wa to break domestic monopolies and thus force down the price c goods for the consumer?

7. Do you think that Thurman Arnold is correct in saying tha international cartels prevent the reciprocal trade agreement from leading to the actual establishment of world-wide libera trade principles?

8. What is the difference between free trade and the policy of re ciprocal trade agreements? Should free trade be adopted as policy after the war? Can the reciprocal trade agreements polic be expected to move rapidly enough to develop a large volume c foreign trade after the war?

The People Say . . . .

The following letters are representative of the views expressed by the ROUND TABLE *audience on "Thomas Jefferson and the Meaning of Democracy, April 11, 1943.*

*

Knew How To Compromise

I enjoyed your discussion of Jefferson, particularly that aspect about his knowing how to compromise his ideals and keep them separate, but at the same time to be able to help the broad general development of men a little farther along the road over which he individually had traveled. Very few of us can do that, for we do not have the perspective to see the invisible highways of the mind and to recognize various stations on the way. . . . .—*A listener from Los Angeles, California*

*

Particularly Vital

. . . . Today's program dealing with Jefferson seems to me particularly vital. How grave is the need among the mass of Americans for intelligent understanding of true Democracy! This was my first thought. Then came another—how dramatic is the story of Thomas Jefferson! Why not sugar-coat lessons in Democracy by dramatizing the story of his life, his ideals, his principles, his acts? . . . .—*A listener from Dubuque, Iowa.*

*

Mingled with the People

One fact seems to stand out in the democracy of Thomas Jefferson. He did not praise people from a plane of observation outside them, or above them, but from among them. He did not try to push them around but mingled with them face to face. That was as much a comedown for one born like he was into the aristocracy of his day as it would be for some of our established intellectuals today. Let's keep democratic goals the cause of this war. . . . .—*A listener from Garden City, Kansas.*

*

Best Interests of Country

. . . . It is true that actions which would be considered deeply unethical when performed by an individual in his own private interests are, at times, performed by statesmen who, nevertheless, retain their reputation of men of honor and integrity. . . . . It would seem therefore that the question in discussing Thomas Jefferson applies equally to all men who have achieved positions of high responsibility. The whole question in judging the character of these men is one of deciding upon the type of motives which prompted their actions. If the effect was detrimental to themselves, to their popularity, ran counter to the dictates of their own conscience, but was highly bene-

ficial to their country, then they might still be respected—their ugly deeds notwithstanding. But if they indulged in bargains and trades in order to achieve or retain power; if they catered to the lowliest instincts of the masses in order to acquire votes, to the detriment of worthier minorities, thereby harming their country, then it is hardly possible to call them great. . . . . With age he [Thomas Jefferson] acquired wisdom, and it is in that period —when he no longer sought votes— that he became a man history should remember. . . . .—*A listener from Washington, D.C.*

*

"Provincialism"

. . . . I have been dismayed at my "provincialism" in the matter of honoring Jefferson. We have always been "good Republicans" and celebrated the birthday of Washington and Lincoln. The Democrats took care of Jefferson. Thanks for the radio program which jerked me out of my ridiculous complacency.—*A listener from Greeley, Colorado*

*

Faith in Progress

. . . . Jefferson is the epitome of the faith in progress and rational science, the pervading faiths of his epoch. The speakers assumed that these creeds support our life today. Perhaps they do, and I hope it is true. But one must ask the question whether they really do. The faith in progress has been severely attacked in the twentieth century. The faith in reason has endured fewer attacks. This is a question the speakers might well have raised and attempted to answer.

And what of Jefferson and collectivism? The champions of "individualism" are beginning to seek aid and comfort from Jefferson's hostility to governments. Are they justified? Or are they, as I presume, mangling the personality, thought, and career of Jefferson for their purposes, which, as most of us know, are to deceive? . . . —*A listener from Aberdeen, South Dakota.*

*

Not Victory of Democracy

. . . . Jefferson's success was not the victory of democracy; his success resulted from clannishness, in that period when the clan instinct was strong and in the concepts of economic interest. You professors have built up an idea of democracy that has no reality. The modern serfs adore the "big man" just as the serf of the Middle Ages was delighted to be permitted to kiss the hand of the baron. People permit gangsters to rule because the gangster is "a big shot" just as they worship Rockefeller and Morgan and Ford. This adoration is a manifestation of survival of the serf habit.—*A listener from Canal Point, Florida.*

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249. *Woodrow Wilson: Prophet or Visionary*

1943

250. *Things To Come: How Science May Shape the Next Twenty-five Years*
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252. *Are We Well Informed?*
253. *Behind the Labor Crisis*
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255. *The Farmer and Victory*
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257. *Russia as an Ally in War and Peace*
258. *The Airplane and the Future*
259. *Bigger and Better Taxes?*
260. *Is This a Conservative War?*
261. *Education for Freedom*
262. *Minorities*
263. *The Senate and Foreign Policy*
264. *Thomas Jefferson and the Meaning of Democracy.* April 11

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2:00 P.M. EASTERN WAR TIME

City	Call Letters	Kilocycles	City	Call Letters	Kilocycles
Allentown, Pa.	WSAN	1470	Martinsville, Va.	WMVA	1450
Altoona, Pa.	WFBG	1340	Miami, Fla.	WIOD	610
Asheville, N.C.	WISE	1400	New York, N.Y.	WEAF	660
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Bluefield, W.Va.	WHIS	1440	Philadelphia, Pa.	KYW	1060
Boston, Mass.	WBZ	1030	Pittsburgh, Pa.	KDKA	1020
Charleston, S.C.	WTMA	1250	Portland, Me.	WCSH	970
Charleston, W.Va.	WGKV	1490	Providence, R.I.	WJAR	920
Charlotte, N.C.	WSOC	1240	Raleigh, N.C.	WPTF	680
Cincinnati, Ohio	WLW	700	Reading, Pa.	WEEU	850
Clarksburg, W.Va.	WBLK	1400	Richmond, Va.	WMBG	1380
Cleveland, Ohio	WTAM	1100	Rochester, N.Y.	WHAM	1180
Columbia, S.C.	WIS	560	Savannah, Ga.	WSAV	1340
Detroit, Mich.	WWJ	950	Springfield, Mass.	WBZA	1030
Florence, S.C.	WOLS	1230	Springfield, Ohio	WIZE	1340
Grand Rapids, Mich.	WOOD	1300	Syracuse, N.Y.	WSYR	570
Greenville, S.C.	WFBC	1330	Tampa, Fla.	WFLA	970
Greenwood, S.C.	WCRS	1450	Toledo, Ohio	WSPD	740
Jacksonville, Fla.	WJAX	930	Washington, D.C.	WRC	980
Johnstown, Pa.	WJAC	1400	Williamsport, Pa.	WRAK	1400
Harrisburg, Pa.	WKBO	1230	Wilmington, Del.	WDEL	1150
Lakeland, Fla.	WLAK	1340	Winston-Salem, N.C.	WSJS	600
Lima, Ohio	WLOK	1240	York, Pa.	WORK	1350

1:00 P.M. CENTRAL WAR TIME

Birmingham, Ala.	WBRC	960	Louisville, Ky.	WAVE	970
Bismarck, N.D.	KFYR	550	Madison, Wis.	WIBA	1310
Chicago, Ill.	WMAQ	670	Mankato, Minn.	KYSM	1230
Dallas, Texas	WFAA	820	Memphis, Tenn.	WMC	790
Des Moines, Iowa	WHO	1040	Mobile, Ala.	WALA	1410
Duluth, Minn., and Superior, Wis.	WEBC	1320	Montgomery, Ala.	WSFA	1440
			Nashville, Tenn.	WSM	650
Eau Claire, Wis.	WEAU	1070	New Orleans, La.	WSMB	1350
El Paso, Texas	KSTM	1380	Oklahoma City, Okla.	WKY	930
Evansville, Ind.	WGBF	1280	Omaha, Neb.	WOW	590
Fargo, N.D.	WDAY	970	Rochester, Minn.	KROC	1340
Fort Wayne, Ind.	WOWO	1190	St. Cloud, Minn.	KFAM	1450
Hattiesburg, Miss.	WFOR	1400	Shreveport, La.	KTBS	1480
Hibbing, Minn.	WMFG	1240	Sioux Falls, S.D.	KSOO	1140
Houston, Texas	KPRC	950	Springfield, Mo.	KGBX	1260
Indianapolis, Ind.	WIRE	1430	Terre Haute, Ind.	WBOW	1230
Kansas City, Mo.	WDAF	610	Tulsa, Okla.	KVOO	1170
Kingsport, Tenn.	WKPT	1400	Virginia, Minn.	WHLB	1400
La Crosse, Wis.	WKBH	1410	Wichita, Kan.	KANS	1240
Little Rock, Ark.	KARK	920			

12:00 M. MOUNTAIN WAR TIME

Albuquerque, N.M.	KOB	1030	Phoenix, Ariz.	KTAR	620
Billings, Mont.	KGHL	790	Pocatello, Ida.	KSEI	930
Boise, Ida.	KIDO	1380	Safford, Ariz.	KGLU	1450
Bozeman, Mont.	KRBM	1450	Salt Lake City, Utah	KDYL	1320
Butte, Mont.	KGIR	1370	Tucson, Ariz.	KVOA	1290
Denver, Colo.	KOA	850	Twin Falls, Ida.	KTFI	1270
Helena, Mont.	KPFA	1240	Yuma, Ariz.	KYUM	1240

11:00 A.M. PACIFIC WAR TIME

Bakersfield, Cal.	KERN	1410	Sacramento, Cal.	KFBK	1530
Fresno, Cal.	KMJ	580	San Diego, Cal.	KFSD	600
Los Angeles, Cal.	KFI	640	San Francisco, Cal.	KPO	680
Medford, Ore.	KMED	1440	Seattle, Wash.	KOMO	950
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APRIL 25, 1943

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BERNARD LOOMER, Divinity School, University of Chicago

WAYNE McMILLEN, School of Social Service Administration, University of Chicago

W. LLOYD WARNER, Department of Sociology, University of Chicago

•

SUGGESTED READINGS

HOEHLER, FRED K., "Welfare Services and War," *Survey Graphic*, October, 1942.

NIEBUHR, REINHOLD, "A Faith for the World's Greatest Crisis," *Fortune*, July, 1942.

VAN URK, J. BLAN, "Norfolk—Our Worst War Town," *American Mercury*, February, 1943.

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